

17 November 1987

MEMORANDUM FOR: Director of Logistics

VIA: Chief, Procurement Management Staff, DA
Chief, Procurement Management Staff, DS&T
Director, Foreign Broadcast Information Service, DS&T

FROM: [REDACTED]
FBIS Contracting Officer

25X1

SUBJECT: Approval to Issue a Partial Termination for Convenience Under
Contract No. [REDACTED]

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1. Contract No. [REDACTED] with COMSAT International Communications, Incorporated (COMSAT) provides, in part, for the operation and maintenance of a satellite earth terminal that is located in the Republic of Panama. These services are actually performed by a subcontractor, INTERCOMSA.

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2. By letter dated 9 July 1987, COMSAT informed the undersigned that the Government of Panama (GOP) had requested that INTERCOMSA not participate in the operation of the earth terminal until questions relating to the completeness of the earth station transmission license are resolved. Upon receipt of a cable from the GOP declaring that the GOP had decided to grant the license, FBIS began operations at the terminal. The GOP now contends that the cable merely notified FBIS of an intention and did not constitute a grant of a license. It is believed that this situation initially was the result of statements by the U.S. Congress that General Noriega (the military leader in Panama) should step down. Diplomatic intervention will be necessary to resolve this problem.

3. The undersigned told COMSAT that INTERCOMSA should continue to maintain the terminal even though its operation was prohibited. On 14 July 1987, the Chief, Engineering Support Group, FBIS was informed by the Chief of the FBIS Bureau in Panama that the presence of INTERCOMSA on site would unnecessarily exacerbate the problem. Upon approval of the Chief, Procurement Management Staff, DS&T, the undersigned issued a partial Stop Work Order against the aforementioned contract, effective 15 July 1987.

4. For the reasons set forth below, the undersigned believes that it is in the best interests of the Government to terminate this portion of the contract for the convenience of the Government.

a. It is impossible to forecast a date on which FBIS will be able to resume transmitting from the INTERNET system in Panama. This is an issue that requires diplomatic intervention and resolution. However, all indications are that the situation will not be resolved in the near future.

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b. Further, there is some question as to the entity that will operate and maintain the terminal after the above diplomatic problems are resolved. Panama's new telecommunications law was made immediately effective. from the Office of General Counsel, has indicated that, under one interpretation of the law, it would be possible for Panama to indicate that the subcontract with INTERCOMSA is invalid because FBIS did not have permission to operate a terminal at the time the contract began. Thus, the Government of Panama may require FBIS to start the process from the beginning with INTEL, the company that is responsible for operation and maintenance under the new law.

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A termination for default is not being sought because the reasons for nonperformance are clearly beyond the control of both the contractor and the subcontractor and without the fault or negligence of either.

5. Request your approval to issue a notice of partial termination of this contract for the convenience of the Government.

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CONCUR:

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Director, Foreign Broadcast Information Service

11/18/87
Date

Chief, Procurement Management Staff, DS&T

Date

Chief, Procurement Management Staff, DA

Date

APPROVED:

Director of Logistics

Date

FBIS/CO/DS&T/CLK:sal (17 November 1987)

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